

Solid Waste Line of Business

**May, 2013 Discussion
With the Customer Review Panel**

Seattle
 Public
Utilities

Structure of Presentation

1. The Big Picture

- Overview Statistics
- System Processes
- Historical and Projected garbage tons disposed

2. Finances

- Sources & Uses of Funds
- Capital Investment Cycle

3. Customer Promises

4. Customer Engagement

5. Looking To 2015-2020

- Opportunities for strategic focus
- Decisions already made
- Decisions to make

The Big Picture:

Overview Statistics for Size, Employees, Regulators

Size

Service Territory

City of Seattle

Infrastructure

- Two City-owned and operated Transfer Stations
- Contract with two private haulers for residential garbage, recycling, organics collection, and commercial garbage collection
- Garbage long-hauled to Arlington, Oregon landfill
- Organics hauled to Cedar Grove for composting
- Recycling processed locally; sent to various markets

Employees

Employees (2013 budgeted)

204

Unions

14 (excludes Local 79 Machinists)

Regulators

- WA State Dept of Ecology
- Oregon State Dept of Environmental Quality
- Public Health of Seattle-King County

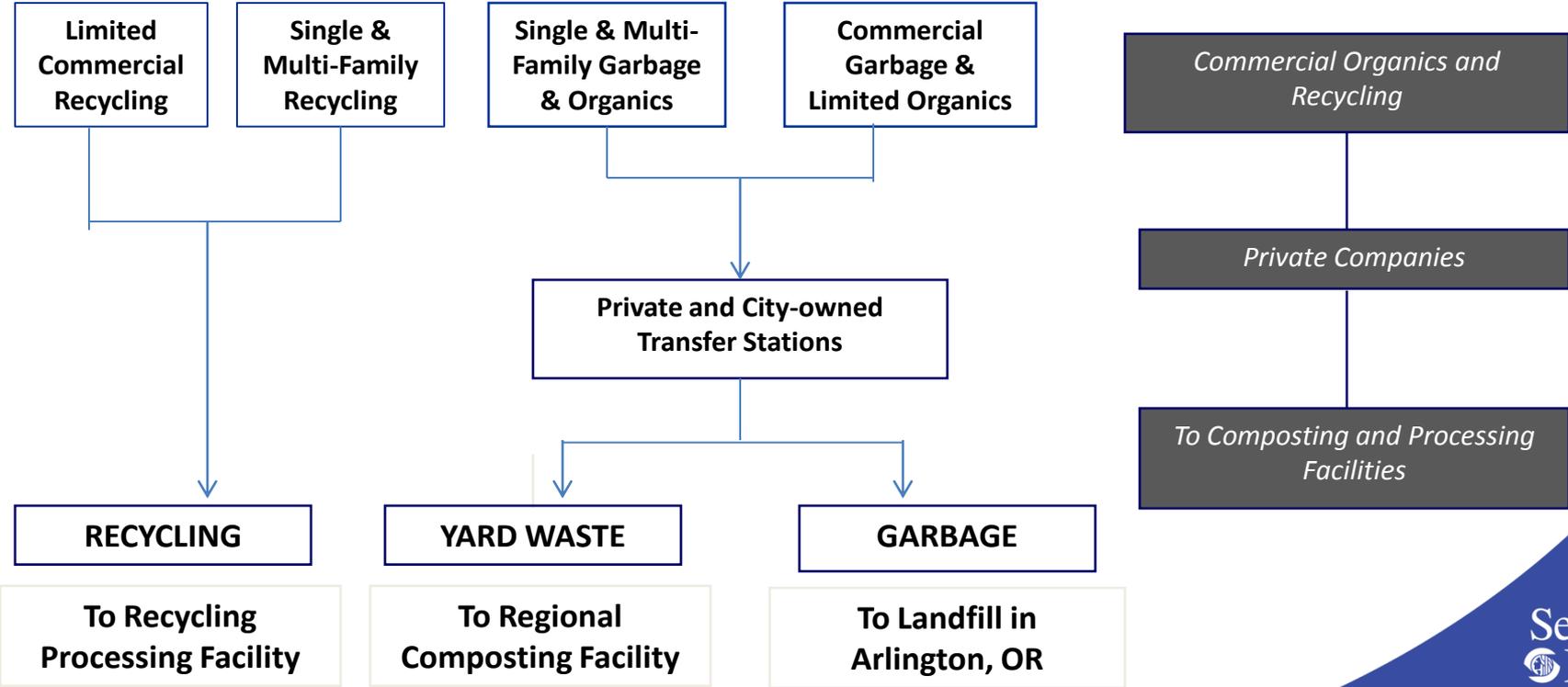
The Big Picture:

Overview Statistics for Rates and Bills

Rates and Bills

Length of Current Rate Path	4 years; 2013-2016
Billing Mechanism	Combined Utility Bill
2012 Rate Revenue	\$156.9 million
Number of Customer Accounts	<ul style="list-style-type: none">▪ 154,099 residential variable can accounts▪ 5,245 residential dumpster accounts▪ 8,178 commercial accounts
Rate Methodology	<ul style="list-style-type: none">▪ Collection bills based on container size and type▪ Transfer station rates based on weight
Customer Classes	Two customer classes: residential and commercial

The Big Picture: Solid Waste Process Overall



The Big Picture: Solid Waste Collection Process



- Two private companies (Waste Management and CleanScapes) provide service by geographic area
- Enhanced services in 2009 include:
 - Weekly residential organics collection with all food scraps accepted
 - Commingling of recyclables
 - Clear Alleys Program (no dumpsters)

The Big Picture: Solid Waste Reduction, Re-use, Recycling and Transfer Processes



New South Transfer Station
(South Park)



Present North Transfer Station
(Wallingford)

Upgraded and modernized transfer stations will help us reduce solid waste and more effectively recycle

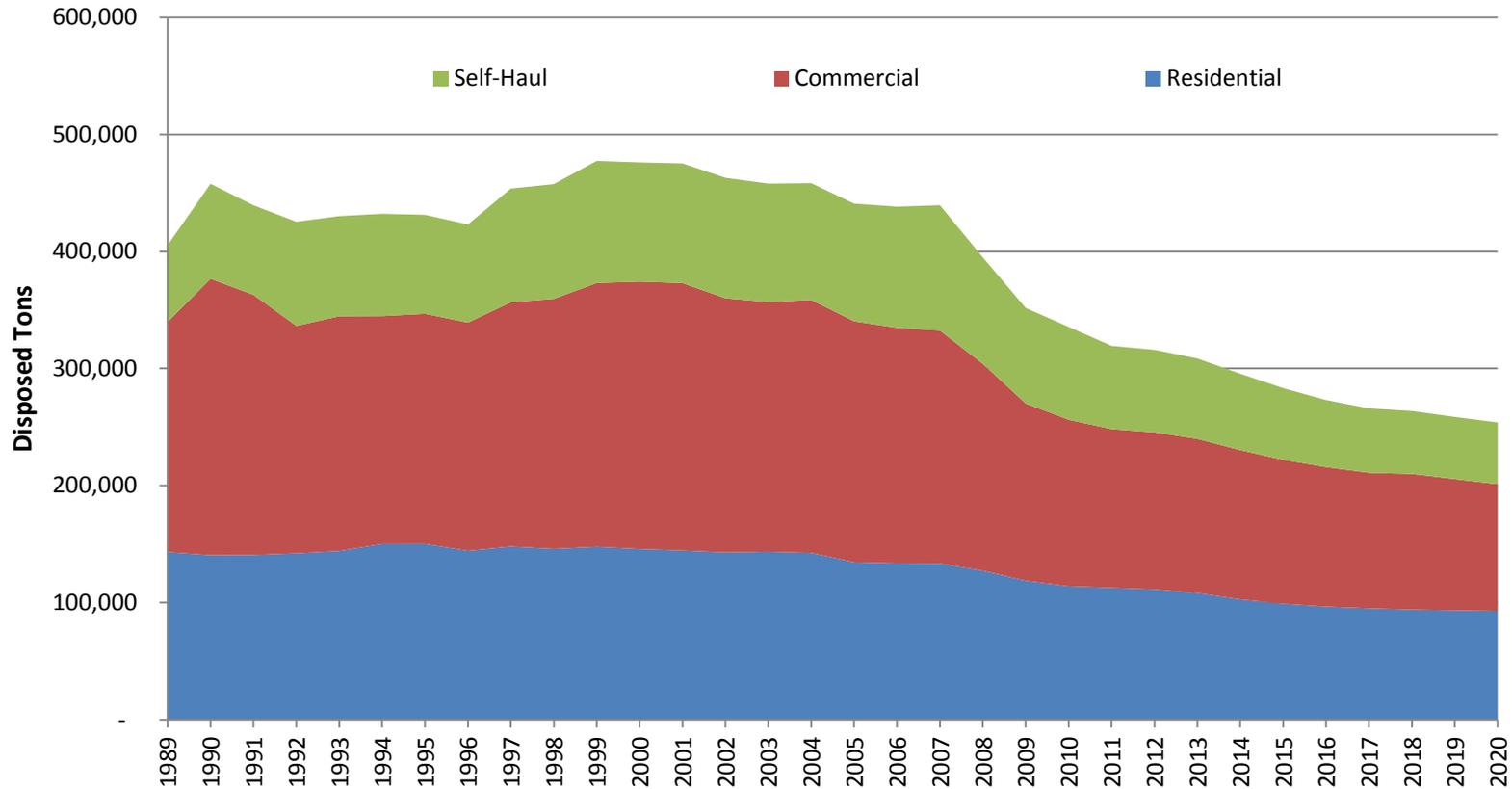
The Big Picture: Solid Waste Disposal Process



All non-recycled waste is delivered to the rail yard in Seattle for long-haul to Arlington, Oregon by Union Pacific under contract to Waste Management

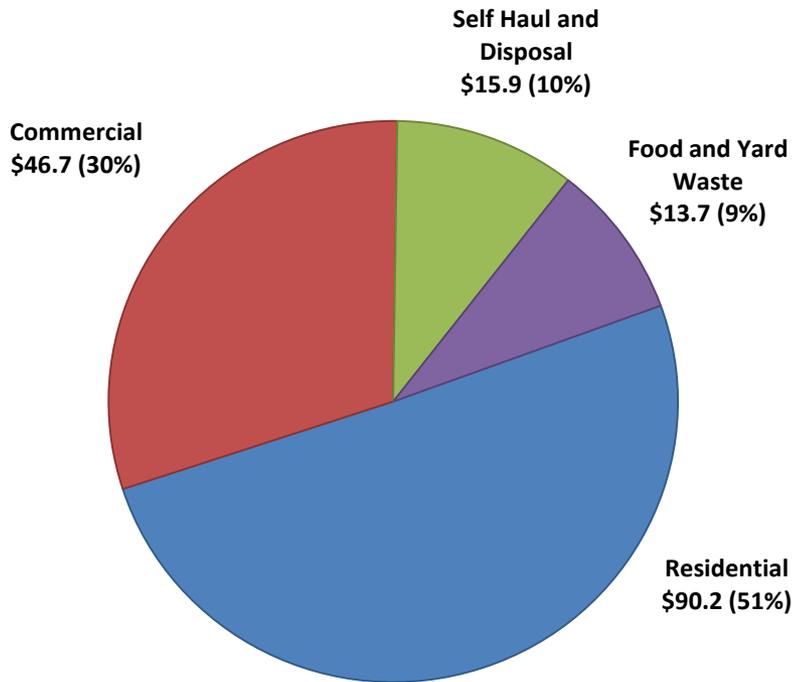
The Big Picture: Garbage Tons Disposed

1989-2020 Garbage Tons Disposed



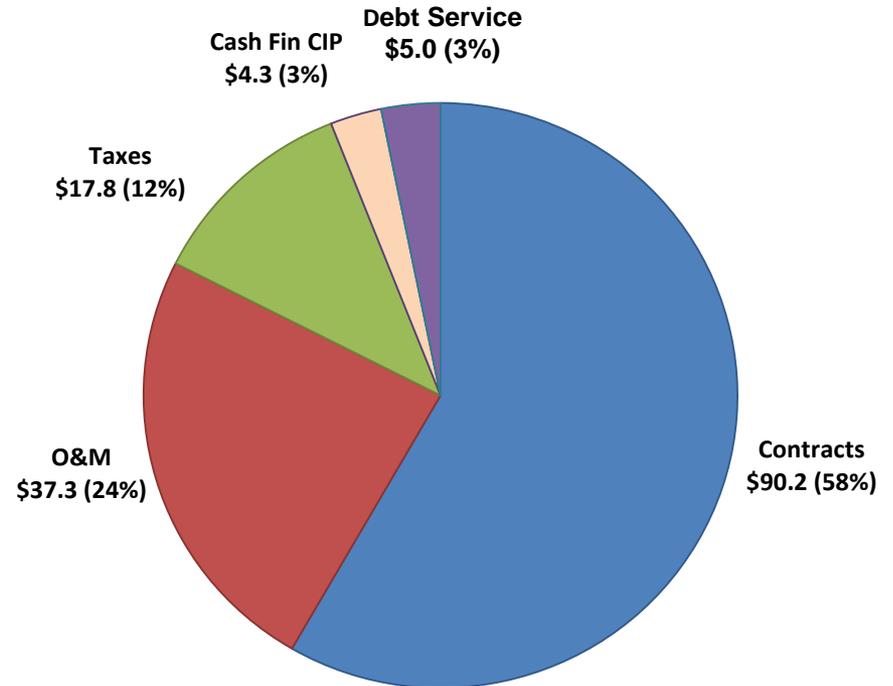
Sources and Uses of Solid Waste Funds

Operating Revenue



Total 2011 Operating Revenue = \$166 million

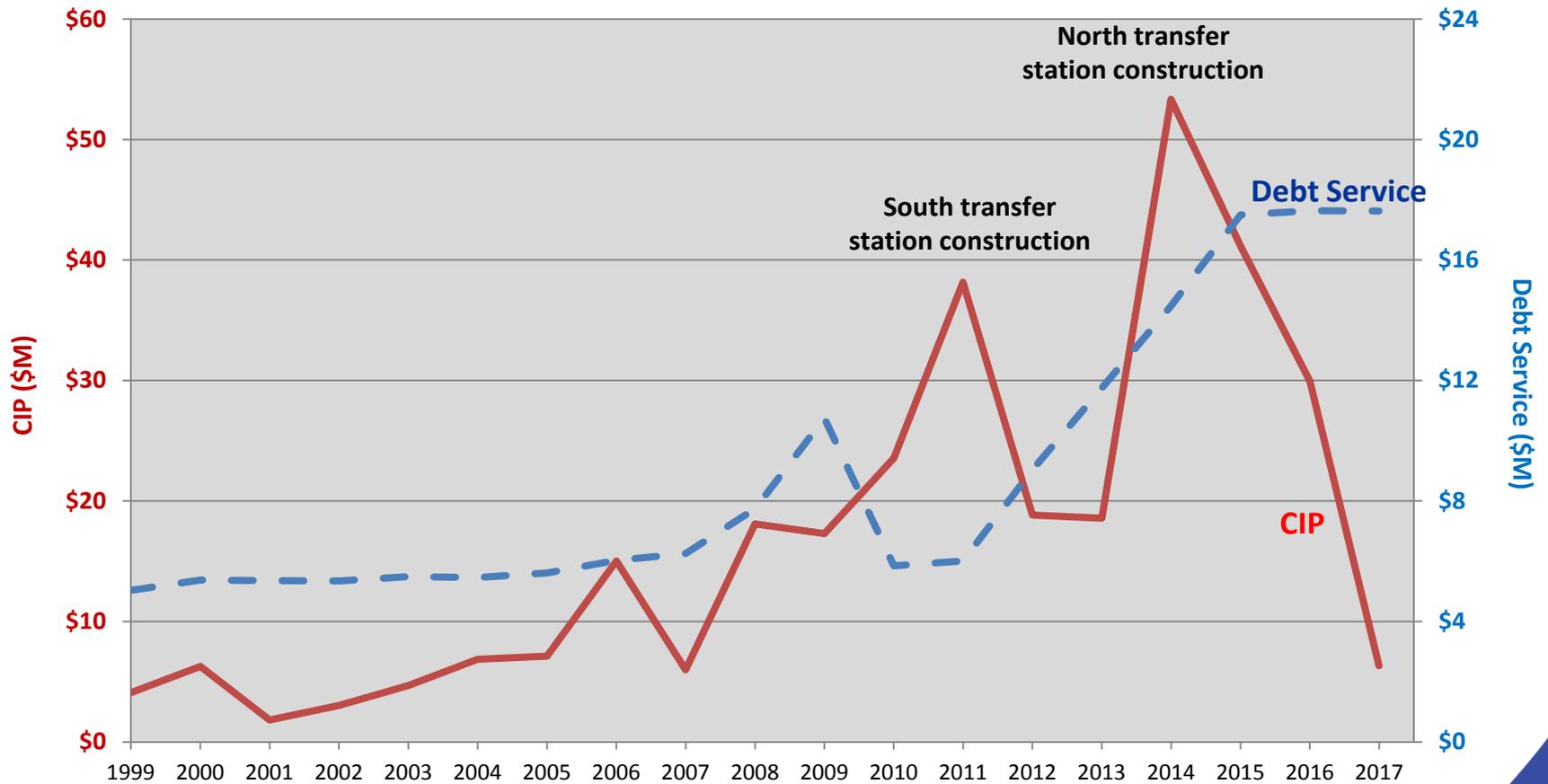
Operating Expense



Total 2011 Operating Expense = \$155 million

NOTE: Clean City 2011 revenues (\$3.9M) and expenditures (\$3.3M) are treated as non-operating revenues and expenditures, and so are not shown in these charts.

Where We Are in Our Capital Investment Cycle



Our Promises to Customers: Solid Waste Services

SPU uses the following service targets as key indicators of quality and success:

- No more than 1 missed solid waste collection per 1000 stops
- No more than 1 repeat miss per 10,000 stops
- No more than 2 late container deliveries per 100 requests
- Collect at least 95% of missed solid waste pickups within one business day following notification by customers
- Achieve City's waste reduction & recycling goal of 60% by 2015
- Provide odor and rodent control at the Recycling and Disposal Stations by cleaning out garbage at day's end at least 90% of the time

Our Customer Promises: Clean City Program

SPU also manages the Clean City Program:

- Costs included in the Solid Waste business line, but are mostly funded by general City taxes or solid waste transfer tonnage (the General Fund)
- Services include graffiti, illegal dumping, and street-side litter
- Current service targets are:
 - 90% of graffiti on SPU-responsible property will be cleaned up within 10 business days of being reported
 - No more than 5% of survey respondents rate litter as a major problem
 - No more than 4% of survey respondents rate graffiti as a major problem

Are We Keeping Our Promises?

The short answer is MOSTLY YES

- Met all targets for missed pickups & missed pickup collection EXCEPT during garbage strike
- Met container delivery target
- On target to meet 2015 recycling goal of 60%
- Met odor & rodent control target
- Met graffiti clean-up target
- Did not meet customer satisfaction target for clean cities services (8%/6% of survey respondents rated litter/graffiti as a major problem)

Customer Engagement

Public behaviors in a number of areas have significant impacts on our ability to keep our promises and make Seattle the best place to live:

Residential:

- Recycling, grass cycling, green garden programs, pesticide reduction, food and packaging composting, waste reduction at source, hard-to-manage recyclables, engage underserved communities

City government:

- Composting food and yard waste, recycling

Commercial:

- Restaurant composting
- Developers/contractors salvaging and recycling of materials

Strategic Business Plan Opportunities For Being Efficient, Forward Looking and Solving Problems at the Source

- Increased emphasis on product stewardship, waste prevention
- Increasing urban density/income levels may raise expectations for a cleaner city and cleaning up historic landfills
- Now managing construction and demolition debris
- How to meet goals for increasing recycling and reducing waste
- Considering every other week garbage and organics disposal bans

Looking to 2015-2020: Decisions Already Made

- Capital program, including:
 - New North Transfer Station
 - Phase 2 of South Transfer Station
 - Misc. other small capital
- O&M adds sufficient to support new CIP
- Recycling goals of 60% by 2015; 70% by 2022
- Planned programs (such as bans on the disposal of certain materials) to get the City to its recycling goals

Looking to 2015-2020: Examples of Possible Action Plans

- Possible efficiencies/revenue enhancements:
 - Pursue One Less Truck garbage service (pick up garbage every other week)?
 - Count on generating one-time revenue by selling parts of historic landfills in Kent?
 - Count on state or local legislation to require product manufacturers to pay SPU for some or all of end-of-life product handling?
- Possible spending adds:
 - Bigger investment in litter, illegal dumping, anti-graffiti programs?
 - Bigger investment in Waste Prevention programs?